

Message Text

CONFIDENTIAL

PAGE 01 CAIRO 10219 181043Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----181046Z 130148 /14
R 180942Z JUN 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 6323
INFO AMCONSUL ALEXANDRIA

C O N F I D E N T I A L 10219

EXDIS

EO 11652: GDS
TAGS: ENRG, EG
SUBJ: OIL PRODUCTION RISES UNEXPECTEDLY BUT OUTLOOK FOR 1980
STILL UNCERTAIN

REF CAIRO 6811,

SUMMARY: PUBLICITY GIVEN TO RECENT UNEXPECTED JUMP IN CRUDE OIL PRODUCTION FROM 340,000 TO 460,000 BPD HAS TENDED TO GENERATE RENEWED OPTIMISM ON ONE MILLION BPD PRODUCTION GOAL. INCREASE RESULTED FROM DISCOVERY OF HIGH PRESSURE EXTENSION OF AMOCO'S JULY FIELD. AMOCO POINTS OUT THAT THIS DOES NOT NECESSARILY MEAN CHANGE IN THEIR LESSER FORECAST OF 550-600,000 BPD TOTAL PRODUCTION BY 1980. AMOCO CONCEDES, HOWEVER, THAT IF COMPANY WERE REQUIRED TO OVER-DEVELOP EXISTING FIELDS AND BRING IN "UNCOMMERCIAL" DISCOVERIES, TECHNICALLY ONE MILLION BPD TOTAL MIGHT BE POSSIBLE END SUMMARY

2. SINCE APRIL MIN OF PET HILAL HAS TAKEN VARIOUS OPPORTUNITIES TO PUBLICIZE SUDDENLY INCREASED OIL PRODUCTION (REFTEL). (NEW TOTAL PRODUCTION IS IN RANGE OF 450,000 TO 480,000 BPD, COMPARED TO PREVIOUS MONTHS' PRODUCTION LEVELS OF 320,000 TO 340,000 BPD). LATEST PUBLIC NOTICE CAME IN REPORT TO SADAT DURING LATTER'S VISIT TO SUMED TERMINAL AT AIN SUKHNA ON
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 10219 181043Z

JUNE 11. UNEXPECTED HIGHER DAILY PRODUCTION IS RESULT, ACCORDING TO OUR AMOCO CONTACTS, OF THREE NEW WELLS AMOCO DRILLED IN GULF OF SUEZ DURING FEB AND MARCH ON WESTERN EDGE OF JULY FIELD INTO NUBIAN SANDSTONE, FORMATION WHICH CONTAINS MUCH OF THE GULF'S OIL. THESE WELLS HAVE PROVED EXTREMELY SUCCESSFUL, PROVIDING PRIMARY FLOW OF 26,000 - 32,000 BPD (AVERAGE GULF OF SUEZ WELL PRODUCES 8000-10,000 BPD) AND

HAVE SENT AMOCO'S OVERALL PRODUCTION SOARING FROM 220,000 - 240,000 BPD IN PERIOD JAN - MARCH THIS YEAR TO 320,000 - 350,000 BPD IN APRIL IN MAY. FOURTH WELL IN THIS SAME STRUCTURE PLANNED, BUT AMOCO HAS NOT DECIDED HOW MANY MORE WELLS CAN BE DRILLED.

2. AMOCO SUCCESS COINCIDES WITH RECENT 15-20 PERCENT INCREASE IN PRODUCTION AT EGYPTIAN GENERAL PETROLEUM COMPANY (EGPC) FACILITY AT RAS GHARIB FROM 20,000 BPD TO 24,000 BPD. INCREASE MADE POSSIBLE BY NEW, MORE DEPENDABLE SOURCE OF ELECTRICITY TO RUN ANCIENT PUMPS AT THIS FORMER SHELL FIELD.

3. EGYPT'S CURRENT TOTAL PRODUCTION, THEREFORE, COMPOSED OF 340-350,000 BPD FROM RAS SHUKARI; 24,000 BPD FROM RAS GHARIB; 20,000 BPD FROM WESTERN DESERT AND 70,000 BPD FROM ABU RUDEIS, FOR TOTAL AVERAGING ROUGHLY 460,000 BPD. AMOCO EXPECTS THAT THEIR PRODUCTION WILL PROBABLY GO TO 400,000 BPD BY END OF YEAR (PLANS CALL FOR PLATFORM AT 381 SITE WITH INITIAL PRODUCTION OF 30,000 BPD BY OCT). TOTAL EGYPTIAN CRUDE OIL PRODUCTION THUS POSSIBLY COULD RISE TO 500,000 BPD MARK BY END OF 1977.

4. AMOCO SOURCES HASTEN TO ADD, HOWEVER,, THAT DESPITE UNANTICIPATED GOOD LUCK IN JULY FIELD, THERE IS NO RPT NO CHANGE IN THEIR ESTIMATES THAT EGYPT WILL NOT BE ABLE TO REACH ITS PRODUCTION GOAL OF ONE MILLION BARRELS PER DAY BY 1980. AMOCO CANNOT BE COUNTED ON, THEY PROJECT, FOR MORE THAN 450,000 BPD PRODUCTION IN 1980. (THIS WAS FIGURE, FIRST MENTIONED BY STANDARDS OIL'S CHAIRMAN SWEARINGEN IN SPET 76, THAT PUT DAMPER ON HILAL'S PRODUCTION PUSH). CONTINUING LOSS
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 10219 181043Z

OF PRESSURE IN GULF FIELDS MEANS AUTOMATIC PRODUCTION DECLINE OF 15-20 PERCENT BETWEEN NOW AND 1980. DEVELOPMENT OF NEW DISCOVERIES UP 1980 IN BLOCKS 381 AND 195 THEREFORE WILL ONLY ALLOW AMOCO TO KEEP PACE WITH EXPECTED DECLINE, ACCORDING COMPANY OFFICIALS.

5. EGPC SOURCES TELL US THEY ARE INCREASINGLY UNSURE OF MAINTAINING LEVEL OF PRODUCTION AT ABU RUDEIS. SERIOUS BREAKS IN UNDERWATER PIPELINE CONNECTING BELAYIM MARINE WITH SHORE PROCESSING FACILITIES HAMPERED OPERATION THROUGH MUCH OF FEB AND MARCH. ESTIMATES ARE THAT BELAYIM PRODUCTION MAY DROP TO AVERAGE OF 60,000 BPD (OR LOWER) UNTIL LINE IS REPLACED.

6. THERE IS THUS LITTLE BASIS FOR OPTIMISM ON ONE MILLION BPD PRODUCTION GOAL BY 1980, ACCORDING OUR SOURCES. AMOCO BELIEVES AS 1980 APPROACHES THEY AND OTHERS MAY BE PRESSURED INTO MORE EXPLORATION AND DEVELOPMENT OF ONLY marginally PROFITABLE DISCOVERIES, MIN HAS ALREADY PUBLICLY MENTIONED CONOCO'S DISCOVERY AT QANTARA WEST AS ONE HE WOULD LIKE TO

SEE DEVELOPED, BUT CONOCO CLAIMS DISCOVERY NOT COMMERCIALY EXPLOITABLE. VERY PRIVATELY AND VERY RELUCTANTLY, AMOCO CONCEDES THAT ONE MILLION BPD PRODUCTION MIGHT BE POSSIBLE UNDER CIRCUMSTANCES OF EXTREME OVERDEVELOPMENT, BUT THERE IS NO QUESTION IN OFFICIALS' MIND THAT THIS WOULD BE MONEY-LOSING SITUATION FOR BOTH EGPC AND COMPANIES. AMOCO'S PREDICTION OF TOTAL EGYPTIAN PRODUCTION OF 550-600,000 BPD BY A TIP STILL STANDS.

7. COMMENT: SITUATION COULD CHANGE IF FURTHER DISCOVERIES ARE MADE. MORE SERIOUS APPRIASAL MUST AWAIT END OF INTENSE EXPLORATION PHASE SCHEDULED FOR PERIOD JULY 77-MARCH 78. ANOTHER MAJOR DISCOVERY BY AMCO OR DEMINEX, THE WEST GERMAN COMPANY WHICH SHARES GULF OF SUEZ RIGHTS WITH AMOCO, COULD EASE STILL PESSIMISTIC PRODUCTION PREDICTIONS BY COMPANY OFFICIALS. EILTS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTION, ECONOMIC ESTIMATES
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jun-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO10219
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770218-0930
Format: TEL
From: CAIRO
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770643/aaaableq.tel
Line Count: 131
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f56f827a-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 77 CAIRO 6811
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 24-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2105240
Secure: OPEN
Status: NATIVE
Subject: OIL PRODUCTION RISES UNEXPECTEDLY BUT OUTLOOK FOR 1980 STILL UNCERTAIN
TAGS: ENRG, EG
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/f56f827a-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009